



City of Arts & Innovation

City Council Memorandum

TO: HONORABLE MAYOR AND CITY COUNCIL **DATE: MAY 1, 2012**

FROM: OFFICE OF THE CITY MANAGER **ITEM NO: 20**
FINANCE DIVISION **WARDS: ALL**

SUBJECT: INVESTMENT SUMMARY AND FINANCIAL REPORTS - MARCH 31, 2012

ISSUE:

The item for City Council consideration is receipt of the monthly financial reports and investment summary.

RECOMMENDATION:

That the City Council receive these reports.

BACKGROUND:

Sound investment practices are essential to good fiscal management. The Finance Director/Treasurer is responsible for managing the City's investment portfolio. Cash flow is monitored on a daily basis and unexpended cash is directed towards investments that exhibit first safety, then liquidity and an appropriate return on investment. The investment results are summarized and reported to the City Council at each month-end.

Sound management practices include monitoring revenue and expenditures against the City Council approved budget. Attached are budgeted revenue and expenditures as compared to actual for the general fund and for the enterprise funds, together with comments on significant variances.

FISCAL IMPACT:

There is no fiscal impact associated with this report.

Prepared by: Scott Catlett, Assistant Finance Director
Certified as to availability
of funds: Brent A. Mason, Finance Director/Treasurer
Approved by: Brent A. Mason, Finance Director/Treasurer
for Scott C. Barber, City Manager
Approved as to form: Gregory P. Priamos, City Attorney
Attachment: Investment Report(s)



CITY OF RIVERSIDE
Schedule of Cash and Investments
March 31, 2012

DESCRIPTION OF SECURITY	COUPON RATE	MATURITY DATE	INVEST RATING	PURCH DATE	COST BASIS	YIELD ON MATURITY	ESTIMATED MKT VALUE
<u>MONEY MARKET ACCOUNTS</u>							
CALTRUST Investment Trust of California	Varies	Varies	AA	Varies	18,217,953.02	0.40%	18,231,364.38
CALTRUST Heritage Money Market Fund - Select Class	Varies	Varies	AAA	Varies	556,457.16	0.08%	556,457.16
CNI Charter Government Money Market Fund - Class N	Varies	Varies	Aaa	Varies	434,773.70	0.01%	434,773.70
Local Agency Investment Fund	Varies	Varies	NR	Varies	85,740,661.05	0.38%	85,740,661.05
Bank of America	Varies	Varies	Coll. ¹	Varies	3,465,435.80	0.25%	3,465,435.80
Citizens Business Bank	Varies	Varies	Coll. ¹	Varies	5,006,194.64	0.40%	5,006,194.64
SUBTOTAL MONEY MARKET ACCOUNTS					113,421,475.37		
<u>CERTIFICATES OF DEPOSIT</u>							
Medallion Bank (FDIC Gld)	0.80%	04/15/13	FDIC ²	10/15/10	247,740.93	0.90%	249,691.36
GE Money Bank (FDIC Gld)	1.75%	07/23/13	FDIC ²	08/06/10	246,578.92	1.88%	250,786.76
Ally Bank (FDIC Gld)	1.80%	08/06/13	FDIC ²	08/06/10	246,662.14	1.90%	250,679.06
Cache Valley Bank (FDIC Gld)	1.30%	08/12/13	FDIC ²	08/10/10	161,553.71	1.51%	164,461.10
Enterprise Bank & Trust (FDIC Gld)	1.55%	08/12/13	FDIC ²	08/12/10	248,541.20	1.69%	252,776.08
BMW Bank of North America (FDIC Gld)	1.60%	08/13/13	FDIC ²	08/13/10	247,656.56	1.70%	251,727.94
Compass Bank (FDIC Gld)	1.00%	09/30/13	FDIC ²	09/30/11	248,000.00	1.00%	248,725.40
Farm Bureau Bank (FDIC Gld)	0.90%	10/15/13	FDIC ²	10/15/10	248,614.16	1.00%	251,965.59
Franklin Security Bank (FDIC Gld)	0.95%	10/15/13	FDIC ²	10/15/10	247,807.86	1.00%	251,218.79
Essa Bank & Trust (FDIC Gld)	1.00%	10/21/13	FDIC ²	10/20/10	248,000.00	1.00%	248,132.18
Headwaters State Bank (FDIC Gld)	1.00%	10/25/13	FDIC ²	10/25/10	249,000.00	1.00%	251,552.25
Wilmington Trust Company (FDIC Gld)	1.35%	10/29/13	FDIC ²	10/29/10	245,000.00	1.35%	247,526.68
Middleton Community Bank (FDIC Gld)	1.00%	11/27/13	FDIC ²	10/27/10	248,595.85	1.10%	251,725.06
CIT Bank (FDIC Gld)	2.30%	05/12/14	FDIC ²	09/30/10	249,704.18	1.57%	252,260.70
Aurora Bank FSB (FDIC Gld)	1.50%	05/23/14	FDIC ²	05/23/11	248,000.00	1.50%	249,670.28
GE Capital Financial Inc (FDIC Gld)	1.45%	06/10/14	FDIC ²	06/10/11	246,727.93	1.50%	248,383.45
Discover Bank (FDIC Gld)	1.35%	06/16/14	FDIC ²	06/15/11	246,726.27	1.40%	248,485.70
Transportation Alliance Bank Inc (FDIC Gld)	1.15%	07/07/14	FDIC ²	08/01/11	248,000.00	1.73%	248,719.94
American Express Centurion Bank (FDIC Gld)	1.20%	08/11/14	FDIC ²	08/11/11	247,412.42	1.30%	249,421.04
Goldman Sachs Bank USA (FDIC Gld)	1.15%	08/25/14	FDIC ²	08/24/11	247,403.65	1.25%	249,399.96
Flushing Savings Bank (FDIC Gld)	1.60%	10/07/14	FDIC ²	10/07/10	248,381.50	1.71%	254,214.56
Safra National Bank (FDIC Gld)	1.00%	11/17/14	FDIC ²	11/16/11	247,086.54	1.14%	249,216.69
Barclays Bank/Delaware (FDIC Gld)	1.25%	12/15/14	FDIC ²	12/14/11	248,000.00	1.25%	249,030.19
World Financial Capital (FDIC Gld)	1.00%	01/23/15	FDIC ²	12/23/11	248,636.43	1.06%	249,860.05
EnerBank USA (FDIC Gld)	2.45%	07/07/15	FDIC ²	09/29/10	202,207.21	2.11%	207,784.40
National Republic Bank (FDIC Gld)	1.40%	08/05/15	FDIC ²	08/05/11	249,000.00	1.81%	249,356.82
Bank of the West/San Francisco CA (FDIC Gld)	1.40%	09/14/15	FDIC ²	09/15/11	249,000.00	1.40%	252,477.78
Wells Fargo Bank NA (FDIC Gld)	1.05%	04/29/16	FDIC ²	04/29/11	247,000.00	1.75%	239,590.00
SUBTOTAL CERTIFICATES OF DEPOSIT					6,807,037.46		
<u>MEDIUM TERM NOTES</u>							
General Electric Capital Corp	5.25%	10/19/12	AA+ / Aa2	07/25/08	4,998,842.05	5.29%	5,125,400.00
General Electric Capital Corp	2.80%	01/08/13	AA+ / Aa2	10/25/10	5,056,861.05	1.31%	5,084,865.00
General Electric Capital Corp	1.88%	09/16/13	AA+ / Aa2	10/25/10	5,025,766.67	1.52%	5,078,925.00
General Electric Capital Corp	1.88%	09/16/13	AA+ / Aa2	10/25/10	5,025,766.67	1.52%	5,078,925.00
General Electric Capital Corp	5.90%	05/13/14	AA+ / Aa2	02/07/12	5,504,204.15	1.07%	5,495,665.00
Rabobank Nederland	4.20%	05/13/14	AA / Aaa	07/10/09	5,039,255.14	3.81%	5,244,115.00
Berkshire Hathaway Finance Corp	4.85%	01/15/15	AA+ / Aa2	10/13/11	7,628,518.68	1.55%	7,758,324.00
Wells Fargo Bank NA	4.75%	02/09/15	A+ / A1	05/17/10	10,306,247.98	3.61%	10,726,710.00
Toyota Motor Credit Corp	2.80%	01/11/16	AA- / Aa3	09/16/11	10,319,432.34	1.92%	10,485,090.00
SUBTOTAL MEDIUM TERM NOTES					58,904,894.73		



CITY OF RIVERSIDE
Schedule of Cash and Investments
March 31, 2012

DESCRIPTION OF SECURITY	COUPON RATE	MATURITY DATE	INVEST RATING	PURCH DATE	COST BASIS	YIELD ON MATURITY	ESTIMATED MKT VALUE
U.S. GOV'T AGENCY							
Federal Home Loan Bank	4.88%	12/14/12	AA+ / Aaa	01/07/08	5,037,820.57	3.78%	5,160,710.00
Federal National Mortgage Association Pool	4.83%	01/01/13	AA+ / Aaa	05/29/09	4,239,370.26	3.17%	4,273,500.79
Federal National Mortgage Association Pool	4.85%	06/01/13	AA+ / Aaa	06/26/09	4,794,135.99	3.14%	4,897,708.00
Federal National Mortgage Association Pool	4.54%	06/01/13	AA+ / Aaa	10/21/09	14,548,699.58	2.56%	14,802,428.83
Federal Home Loan Mortgage Corporation Pool	4.00%	09/01/13	AA+ / Aaa	12/16/08	1,391,839.37	3.85%	1,409,260.83
Federal National Mortgage Association Pool	5.16%	10/01/13	AA+ / Aaa	07/15/09	7,814,516.46	2.92%	8,032,632.92
Federal Home Loan Bank	3.63%	10/18/13	AA+ / Aaa	02/23/09	10,157,517.28	2.58%	10,501,230.00
Federal National Mortgage Association	2.88%	12/11/13	AA+ / Aaa	03/12/09	10,033,063.79	2.67%	10,426,860.00
Federal Home Loan Mortgage Corporation	1.38%	02/25/14	AA+ / Aaa	02/17/11	4,982,759.84	1.56%	5,105,710.00
Federal Home Loan Bank	2.38%	03/14/14	AA+ / Aaa	03/04/11	5,084,489.08	1.49%	5,191,250.00
Federal Home Loan Mortgage Corporation	4.50%	04/02/14	AA+ / Aaa	08/24/09	7,207,926.74	2.96%	7,557,739.00
Federal Home Loan Bank	5.38%	06/13/14	AA+ / Aaa	08/24/09	5,252,938.74	2.98%	5,532,490.00
Federal Home Loan Mortgage Corporation	1.10%	08/08/14	AA+ / Aaa	08/08/11	9,999,469.40	1.12%	10,021,490.00
Federal Home Loan Mortgage Corporation	1.00%	08/20/14	AA+ / Aaa	12/27/11	10,082,576.63	0.65%	10,122,200.00
Federal National Mortgage Association	3.00%	09/16/14	AA+ / Aaa	02/17/11	1,026,819.87	1.88%	1,061,660.00
Federal Home Loan Mortgage Corporation	1.27%	01/26/15	AA+ / Aaa	07/26/11	12,000,000.00	1.27%	12,031,512.00
Federal National Mortgage Association	1.00%	04/24/15	AA+ / Aaa	10/24/11	20,000,000.00	1.00%	20,042,720.00
Federal National Mortgage Association	2.38%	07/28/15	AA+ / Aaa	02/06/12	8,483,864.03	0.54%	8,434,496.00
Federal Home Loan Mortgage Corporation	1.75%	09/10/15	AA+ / Aaa	02/06/12	5,201,569.65	0.57%	5,165,995.00
Federal Home Loan Mortgage Corporation	4.75%	01/19/16	AA+ / Aaa	08/29/11	11,383,605.07	1.03%	11,431,690.00
Federal Home Loan Mortgage Corporation	2.50%	05/27/16	AA+ / Aaa	02/06/12	8,569,911.15	0.76%	8,497,224.00
Federal Home Loan Mortgage Corporation	2.00%	08/25/16	AA+ / Aaa	02/06/12	7,352,985.64	0.83%	7,277,151.00
Federal National Mortgage Association	1.25%	09/28/16	AA+ / Aaa	02/06/12	8,140,425.72	0.85%	8,045,592.00
Federal National Mortgage Association	1.38%	11/15/16	AA+ / Aaa	12/27/11	10,071,457.59	1.22%	10,118,290.00
SUBTOTAL U.S. GOV'T AGENCY					192,857,762.45		
TOTAL INVESTMENTS					371,991,170.01		
MISCELLANEOUS CASH					55,000.00		
TOTAL CASH & INVESTMENTS					372,046,170.01		

It has been verified that this investment portfolio is in conformity, exclusive of items identified, with the City of Riverside's investment policy which was approved by City Council on 03/01/2011. The Treasurer's cash management program and cash flow analysis indicates that sufficient liquidity is on hand to meet estimated future expenditures for a period of six months. The weighted average maturity of the pooled investment portfolio is 1.69 years. Market prices of securities are obtained from Interactive Data Corporation. Weighted average yield on cost is 1.395%.

Verified by:


 Jason G. Al-Imam, Controller

Approved by:


 Brent A. Mason, Finance Director/Treasurer

¹ Collateralized in accordance with Section 53652 of the CA state code.

² Rated Superior by IDC Financial Publishing, Inc.

**CITY OF RIVERSIDE
POOLED CASH AND INVESTMENTS BY FUND
MARCH 31, 2012**

Electric Fund	195,267,898
Sewer Fund	22,086,365
Transportation Funds	7,447,654
General Fund	10,359,617
Redevelopment Agency	31,109,637
Trust Funds	25,741,511
Water Fund	67,240,032
Park and Recreation Capital Improvement Funds	1,971,289
Internal Service Liability and Workers' Compensation Funds	1,404,003
Other Miscellaneous Funds	9,418,164
Total Cash and Investments	<u><u>372,046,170</u></u>

INTERFUND LOANS – NEW LOANS DURING THE MONTH

Date of Change	Date of City Council Approval	Loan Purpose	Payable Fund	Receivable Fund	Current Amount
None					

INTERFUND LOANS – FISCAL YEAR END RECEIVABLE FUND CHANGES

Date of Change	Date of City Council Approval	Loan Purpose	Payable Fund	Receivable Fund	Current Amount
None					

MARCH 2012 MONTHLY FINANCIAL REPORTS

The following pages include the numerical data for the March 2012 monthly financial reports and graphs for selected General Fund Revenues. A review of the attached revenue and expenditure summaries indicates that all categories are essentially as anticipated and there are no unusual items to report.

Explanations of significant variances from the prior year follow:

GENERAL FUND

Revenues

Taxes – The City's two major sources of revenues are property and sales taxes. Property taxes are expected to increase this year as a result of the dissolution of the Redevelopment Agency. Sales tax revenue is showing improvement over the prior year. Sales taxes for the first two quarters of the 2011/12 fiscal year have shown increases on an adjusted basis of 10.9% and 6.1%, respectively, however, projections provided by the State Board of Equalization and our sales tax consultants indicate growth should continue, but at a reduced pace. Other tax revenues, including utility users tax and transient occupancy tax have increased over the prior year; however, it remains uncertain whether they will increase to the amounts budgeted.

Intergovernmental, including grants - Intergovernmental Revenues consist mainly of federal and state grants. The funding for grants is not received evenly throughout the year. Motor vehicle in-lieu taxes are also included in the budget for this category. This program has been suspended for cities which will result in a budget shortfall of approximately \$1 million.

Other Revenues – The decrease in Other Revenues is due to a forecasted decrease in collections associated with the City's neglected property abatement program. This program has been effective and has resulted in proper maintenance of many foreclosed properties. The program's success is resulting in less revenues received as compared to original estimates.

Expenditures

Personnel – The increase in personnel expenditures is due mainly to an increase in retirement costs for the current year.

Grants, Programs and Capital Projects - Grants, Programs and Capital Projects are not expended evenly during the year and vary from year to year due to the nature of the projects in any given year.

Other Expenditures – The increase in this category is due mainly to funding liability insurance expense at historical levels.

Charges to/from – The increase in Charges to/from is due to an increase in allocated charges associated with the increase in the current year budgeted expenditures as compared to the prior year.

MARCH 2012 MONTHLY FINANCIAL REPORTS (Continued)

ENTERPRISE FUNDS

Revenues

Charges for Services – Revenues increased from the prior year due to rate increases in the Water and Sewer Funds, and an increase in consumption.

Intergovernmental - Intergovernmental Revenues in the Enterprise Funds consist mainly of federal and state grants. The funding for grants is not received evenly throughout the year.

Expenditures

Personnel – The increase in personnel expenditures is due mainly to an increase in retirement costs for the current year.

Grants, Programs and Capital Projects - Grants, Programs and Capital Projects are not expended evenly during the year and vary from year to year due to the nature of the projects in any given year. Expenditures for the following projects are included in the current year: Transmission line expansion, 91 Freeway project with RCTC and Electric, Water and Sewer System Upgrades.

Debt Service – The increase in debt service is due to the increase in scheduled debt service payments associated with bonds issued by the Sewer Enterprise in 2009.

City of Riverside, CA
General Fund

Revenue Summary thru 3/31/2012

	Current Year Total Budget	Prior YTD Revenue	Current YTD Revenue
Taxes	\$ 132,657,832	\$ 70,199,785	\$ 73,855,930
Intergovernmental, including grants	17,137,294	5,072,437	3,594,902
Operating Transfers In	39,791,080	28,993,950	29,807,055
Other Revenues	36,747,320	22,663,618	21,404,112
Grand Total	<u>\$ 226,333,526</u>	<u>\$ 126,929,790</u>	<u>\$ 128,661,999</u>

Expenditure Summary thru 3/31/2012

	Current Year Total Budget	Prior YTD Expenditures	Current YTD Expenditures
Personnel	\$ 162,685,358	\$ 122,970,993	\$ 125,920,283
Grants, Programs and Capital Projects	38,474,514	11,956,059	13,553,467
Other Expenditures	74,527,916	38,972,522	41,674,360
Charges to/from Others	(35,624,811)	(20,828,476)	(22,201,994)
Grand Total	<u>\$ 240,062,977</u>	<u>\$ 153,071,098</u>	<u>\$ 158,946,116</u>

City of Riverside, CA
Enterprise Funds

Revenue Summary thru 3/31/2012

	Current Year Total Budget	Prior YTD Revenue	Current YTD Revenue
Charges for Services	\$ 450,927,719	\$ 321,245,583	\$ 343,976,228
Other Revenues	27,085,335	21,660,409	20,107,834
Intergovernmental	39,361,029	1,742,442	5,233,942
Grand Total	<u>\$ 517,374,083</u>	<u>\$ 344,648,434</u>	<u>\$ 369,318,004</u>

Expenditure Summary thru 3/31/2012

	Current Year Total Budget	Prior YTD Expenses	Current YTD Expenses
Personnel	\$ 93,457,112	\$ 61,065,257	\$ 64,657,806
Non-Personnel and Charges to/from Others	236,780,143	148,423,888	153,315,927
Grants, Programs and Capital Projects	506,212,139	98,396,788	95,954,846
Debt Service	81,731,567	63,971,273	67,139,918
Operating Transfers Out	39,791,080	28,993,950	29,807,055
Grand Total	<u>\$ 957,972,041</u>	<u>\$ 400,851,156</u>	<u>\$ 410,875,552</u>

City of Riverside, CA
Revenue Charts
July 1, 2011, - March 31, 2012

